

Multiple Agency Fiscal Note Summary

| | |
|-----------------------------|--|
| Bill Number: 594 XIL | Title: Gun sales background check |
|-----------------------------|--|

Estimated Cash Receipts

| Agency Name | 2013-15 | | 2015-17 | | 2017-19 | |
|-----------------------|--|-------|-----------|-------|-----------|-------|
| | GF- State | Total | GF- State | Total | GF- State | Total |
| Department of Revenue | Non-zero but indeterminate cost. Please see discussion." | | | | | |
| Total \$ | 0 | 0 | 0 | 0 | 0 | 0 |

Estimated Expenditures

| Agency Name | 2013-15 | | | 2015-17 | | | 2017-19 | | |
|-------------------------------------|--|------------------|------------------|------------|------------------|------------------|------------|------------------|------------------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Administrative Office of the Courts | Non-zero but indeterminate cost and/or savings. Please see discussion. | | | | | | | | |
| Department of Revenue | .1 | 11,000 | 11,000 | .0 | 0 | 0 | .0 | 0 | 0 |
| Washington State Patrol | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Licensing | .7 | 186,039 | 186,039 | 1.3 | 205,015 | 205,015 | 1.3 | 206,117 | 206,117 |
| Department of Corrections | Non-zero but indeterminate cost and/or savings. Please see discussion. | | | | | | | | |
| Total | 0.8 | \$197,039 | \$197,039 | 1.3 | \$205,015 | \$205,015 | 1.3 | \$206,117 | \$206,117 |

| | | | | | | | | | |
|---------------------|---|--|--|--|--|--|--|--|--|
| Local Gov. Courts * | Non-zero but indeterminate cost. Please see discussion. | | | | | | | | |
| Loc School dist-SPI | | | | | | | | | |
| Local Gov. Other ** | Non-zero but indeterminate cost. Please see discussion. | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

Estimated Capital Budget Impact

NONE

| | | |
|--|---------------------------------|---|
| Prepared by: Veronica Jarvis, OFM | Phone: (360) 902-0649 | Date Published: Final 2/ 3/2014 |
|--|---------------------------------|---|

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 36926

FNS029 Multi Agency rollup

Judicial Impact Fiscal Note

| | | |
|-----------------------------|--|---|
| Bill Number: 594 XIL | Title: Gun sales background check | Agency: 055-Admin Office of the Courts |
|-----------------------------|--|---|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.

| | | | |
|---------------------|----------------|-----------------------|------------------|
| OFM Contact | Monica Jenkins | Phone: (360) 902-0561 | Date: 01/22/2014 |
| Agency Preparation: | David Elliott | Phone: 360-705-5229 | Date: 01/27/2014 |
| Agency Approval: | Ramsey Radwan | Phone: 360-357-2406 | Date: 01/27/2014 |
| OFM Review: | Cheri Keller | Phone: 360-902-0563 | Date: 01/28/2014 |

Request # CJ-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

This is a Referendum to the Legislature.

The referendum addresses firearm transfers, sales, licensing, and background check requirements.

The only section with direct potential impact on the courts is Section 9, a new section of Chapter 9A.41 RCW creating two new crimes.

A person that knowingly violates Section 3 of the bill (related to firearm transfers and sales) is subject to a gross misdemeanor punishable under Chapter 9A.20 RCW.

A person that knowingly violates Section 3 of the bill a second or subsequent time is subject to a class C felony punishable under Chapter 9A.20 RCW.

This section specifies that each and every sale or transfer in violation of Section 3 of the act is a separate offense.

II. B - Cash Receipts Impact

There would be potential impact to both counties and cities resulting from the bill because felony charges are heard in superior courts while misdemeanor charges are heard in courts of limited jurisdiction (city and county courts).

There may be fine revenue collected for violations contained in the referendum.

The maximum penalty for a class C felony is five years in prison and/or a \$5,000 fine, the maximum penalty for a misdemeanor is 90 days in jail and/or a fine of \$1,000.

There is no data available to predict the amount of fine revenue that could result from the crimes contained in the referendum. The maximum fine is not always ordered and not all fines are collected in full.

The following data is included to provide background data on fine revenue:

An examination of 2012 fine data related to another RCW shows a 5.78 percent collection rate.

Data for 2013 shows a 2.2 percent collection rate. The collection rate rises as more time passes.

II. C - Expenditures

There are potential expenditure impacts on superior courts (county) for hearing additional felony cases that may result from the bill. There are similar potential impacts to district and municipal courts of limited jurisdiction (county and city) for hearing additional gross misdemeanor cases. There is no data to estimate the number of potential cases. Each additional case would require judicial officer time and support staff time to hear the case.

The trial rate for felony cases is correlated with the severity of the penalties involved. Un-ranked felonies usually go to trial about 1.6 percent of the time, the others are subject to a plea. (CFC adult felony trial rate data)

For illustrative purposes it is estimated that there would need to be more than 400 additional gross misdemeanor cases (first time offenses) resulting from the bill to exceed \$50,000 in annual court impact, OR

There would need to be more than 65 additional felony cases (subsequent offenses) to exceed \$50,000 in annual court impact.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Department of Revenue Fiscal Note

| | | |
|-----------------------------|--|--|
| Bill Number: 594 XIL | Title: Gun sales background check | Agency: 140-Department of Revenue |
|-----------------------------|--|--|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

| |
|-----------------------------|
| Indeterminate Impact |
|-----------------------------|

Estimated Expenditures from:

| | FY 2014 | FY 2015 | 2013-15 | 2015-17 | 2017-19 |
|----------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | 0.1 | | 0.1 | | |
| Account | | | | | |
| GF-STATE-State 001-1 | 11,000 | | 11,000 | | |
| Total \$ | 11,000 | | 11,000 | | |

Estimated Capital Budget Impact:

| |
|--|
| Non-zero but indeterminate cost. Please see discussion. |
|--|

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

| | | |
|----------------------------------|-----------------------|------------------|
| OFM Contact: Monica Jenkins | Phone: (360) 902-0561 | Date: 01/22/2014 |
| Agency Preparation: Shane Morgan | Phone: 360-534-1525 | Date: 01/27/2014 |
| Agency Approval: Don Gutmann | Phone: 360-534-1510 | Date: 01/27/2014 |
| OFM Review: Kathy Cody | Phone: (360) 902-9822 | Date: 01/27/2014 |

Request # 0594-1-2

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This initiative requires a criminal background check on the sale or transfer of all firearms between private parties with the exception of antique firearms and gifts between immediate family members.

This initiative exempts sales between private parties from the sales tax if the unlicensed individuals comply with the background check requirements.

Current law requires use tax be paid by the buyer on the sale or transfer of firearms between unlicensed individuals, this initiative doesn't address use tax due from the purchaser and it is presumed that use tax would still be due from the buyer.

If passed into law by the legislature this initiative would be effective June 10, 2014.

If not acted upon by the legislature this initiative would go to a statewide vote on November 4, 2014.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS

- Private firearm sales are not required to be reported. However, the purchaser of a firearm in a private firearm sale owes use tax.
- Private firearm sellers are not required to collect sales tax from the purchaser of a firearm in a private firearm sale.
- Licensed firearms dealers will facilitate firearms transfers and background checks for a fee. The percentage of private firearm sales that will comply with the new requirements cannot be determined.

REVENUE ESTIMATES

Impacts to the state are indeterminate, but would likely be minimal.

State revenues would be increased by the business and occupation tax due on the fees charged by licensed firearms dealers facilitating background checks and firearms transfers.

State and local sales tax revenues would not be impacted because the purchaser of a firearm in a private firearm sale would continue to owe use tax.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

FIRST YEAR COSTS:

The Department of Revenue will incur total costs of \$11,000 in Fiscal Year 2014. These costs include

- Labor Costs – Time and effort equates to 0.1 FTEs.
- Create one new administrative rule.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2014 | FY 2015 | 2013-15 | 2015-17 | 2017-19 |
|----------------------------|-----------------|---------|-----------------|---------|---------|
| FTE Staff Years | 0.1 | | 0.1 | | |
| A-Salaries and Wages | 6,700 | | 6,700 | | |
| B-Employee Benefits | 2,000 | | 2,000 | | |
| E-Goods and Other Services | 1,600 | | 1,600 | | |
| J-Capital Outlays | 700 | | 700 | | |
| Total \$ | \$11,000 | | \$11,000 | | |

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

| Job Classification | Salary | FY 2014 | FY 2015 | 2013-15 | 2015-17 | 2017-19 |
|--------------------|----------------|------------|---------|------------|---------|---------|
| HEARINGS SCHEDULER | 32,688 | 0.0 | | 0.0 | | |
| TAX POLICY SP 2 | 61,628 | 0.0 | | 0.0 | | |
| TAX POLICY SP 3 | 69,756 | 0.1 | | 0.0 | | |
| WMS BAND 3 | 88,546 | 0.0 | | 0.0 | | |
| Total FTE's | 252,618 | 0.1 | | 0.1 | | |

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

Non-zero but indeterminate cost. Please see discussion.

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the Department of Revenue will use the standard process to adopt one new rule, titled: "Gun Sales". Persons affected by this rule-making would include all unlicensed individuals involved in the sale or transfer of firearms.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--|--|
| Bill Number: 594 XIL | Title: Gun sales background check | Agency: 225-Washington State Patrol |
|-----------------------------|--|--|

Part I: Estimates

☒ No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

| | | |
|-----------------------------------|-----------------------|------------------|
| OFM Contact: Monica Jenkins | Phone: (360) 902-0561 | Date: 01/22/2014 |
| Agency Preparation: Shawn Eckhart | Phone: 360-596-4080 | Date: 01/27/2014 |
| Agency Approval: Heidi Thomsen | Phone: (360) 596-4046 | Date: 01/27/2014 |
| OFM Review: Cheri Keller | Phone: 360-902-0563 | Date: 01/28/2014 |

Request # 0047-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This initiative requires that all firearms sales or transfers in which one of the parties is located in Washington State be subject to background checks. If neither party is a licensed firearms dealer, the transaction must happen through a dealer. There are exceptions listed under subsection 3(4). The dealer may not deliver any firearm to the purchaser until the results of a background check show that the purchaser is not ineligible, or ten business days have lapsed from the request for the background check. This becomes 60 days if the purchaser does not have a permanent Washington driver's license or state identification card or has not been a resident of the state for the previous consecutive ninety days.

The Department of Licensing (DOL) shall have authority to adopt rules to implement this chapter. DOL is required to report any violation of this chapter by a licensed dealer to the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Violation of Section 3 of the act is a gross misdemeanor the first time. It is a class C felony if the person had previously been found guilty of such violation.

There is no tax under RCW 82.08.020 when both parties to the transaction are unlicensed firearms dealers. The firearms dealer may charge a fair market value administrative fee for facilitating a transaction between two unlicensed parties.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

There are no provisions in this initiative for cash receipts to the Washington State Patrol (WSP).

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The increased volume in background checks would be run through the state's ACCESS (A Central Computerized Enforcement Service System) system, which is handled electronically and of negligible impact to the agency.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Non-zero but indeterminate cost. Please see discussion.

This initiative does not impact the agency's capital budget.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

There are no rule changes required of WSP from this initiative.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--|--|
| Bill Number: 594 XIL | Title: Gun sales background check | Agency: 240-Department of Licensing |
|-----------------------------|--|--|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

| | FY 2014 | FY 2015 | 2013-15 | 2015-17 | 2017-19 |
|--------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years | 0.0 | 1.3 | 0.7 | 1.3 | 1.3 |
| Account | | | | | |
| General Fund-State 001-1 | 0 | 186,039 | 186,039 | 205,015 | 206,117 |
| Total \$ | 0 | 186,039 | 186,039 | 205,015 | 206,117 |

Estimated Capital Budget Impact:

Non-zero but indeterminate cost. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

| | | |
|--------------------------------|-----------------------|------------------|
| OFM Contact: Monica Jenkins | Phone: (360) 902-0561 | Date: 01/22/2014 |
| Agency Preparation: Jill Rider | Phone: (360) 902-3943 | Date: 01/31/2014 |
| Agency Approval: Sam Knutson | Phone: (360) 902-3644 | Date: 01/31/2014 |
| OFM Review: Veronica Jarvis | Phone: (360) 902-0649 | Date: 02/03/2014 |

Request # I-594 XIL-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2014 | FY 2015 | 2013-15 | 2015-17 | 2017-19 |
|----------------------------|---------|-----------|-----------|-----------|-----------|
| FTE Staff Years | | 1.3 | 0.7 | 1.3 | 1.3 |
| A-Salaries and Wages | | 67,821 | 67,821 | 130,705 | 130,788 |
| B-Employee Benefits | | 25,571 | 25,571 | 49,309 | 49,340 |
| E-Goods and Other Services | | 85,497 | 85,497 | 25,001 | 25,989 |
| J-Capital Outlays | | 7,150 | 7,150 | | |
| Total: | \$0 | \$186,039 | \$186,039 | \$205,015 | \$206,117 |

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

| Job Classification | Salary | FY 2014 | FY 2015 | 2013-15 | 2015-17 | 2017-19 |
|---------------------|---------|---------|---------|---------|---------|---------|
| Customer Svc Spec 2 | 37,620 | | 1.0 | 0.5 | 1.0 | 1.0 |
| Investigator 3 | 64,740 | | 0.3 | 0.2 | 0.3 | 0.3 |
| Total FTE's | 102,360 | | 1.3 | 0.7 | 1.3 | 1.3 |

III. C - Expenditures By Program (optional)

| Program | FY 2014 | FY 2015 | 2013-15 | 2015-17 | 2017-19 |
|--------------------------------|---------|---------|---------|---------|---------|
| Mgmt & Support Services (100) | | 8,407 | 8,407 | 12,700 | 12,769 |
| Information Services (200) | | 57,532 | 57,532 | 10,888 | 10,937 |
| Business and Professions (700) | | 120,100 | 120,100 | 181,427 | 182,411 |
| Total \$ | | 186,039 | 186,039 | 205,015 | 206,117 |

Part IV: Capital Budget Impact

Non-zero but indeterminate cost. Please see discussion.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Part II: Explanation

This initiative amends RCW 9.41 and expands background checks on firearm sales and transfers to include transactions between private parties and amends RCW 82.12.040 by requiring a licensed firearm dealer to collect use tax when facilitating a sale or transfer between unlicensed persons.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 3 (1) – requires a background check on all sales or transfers of firearms including, but not limited to sales and transfers through licensed dealers, at gun shows, online, and between unlicensed persons.

Section 3 (3) (b) – requires the licensed dealer to comply with all requirements of federal and state law that would apply if the licensed dealer were selling or transferring the firearm from its inventory to the purchaser or transferee, including but not limited to conducting a background check on the prospective purchaser or transferee in accordance with federal and state law requirements and fulfilling all federal and state record keeping requirements.

Section 3 (4) – excludes transfers and sales between immediate family members, antique firearms, and specific temporary transfers.

Section 8 – provides the Department of Licensing (DOL) with authority to adopt rules and requires the department to report violations to the Bureau of Alcohol, Tobacco, Firearms and Explosives; provides the authority for the department to revoke the license of a licensed firearm dealer found to be in violation of this chapter.

| <u>Workload Indicator</u> | <u>FY 14</u> | <u>FY 15</u> | <u>13-15 Total</u> | <u>15-17 Total</u> | <u>17-19 Total</u> |
|--------------------------------|--------------|--------------|--------------------|--------------------|--------------------|
| Private pistol sales/transfers | - | 13,440 | 13,440 | 35,481 | 51,093 |

II. B – Cash Receipt Impact

None; there is no fee associated with pistol sales or transfers reported to the department.

II. C – Expenditures

The Information Services Division (ISD) will need to program and test DOL computer systems to meet the requirements of this bill. The system impacted is the Business and Professions Firearm Database. These estimates are based on the assumption that the current pistol transfer form used by the dealer will be modified to add a “validation” box that will indicate a private sale.

Breakdown of Contracted IS Startup Costs:

| Cost Category | Description | FY 14 Months | FY 15 Months | Rate | Cost |
|----------------------------|--|--------------|--------------|----------|----------|
| Project Developers/Testers | Modify programming and coding to all major systems; test to verify individual components meet requirements; ensure that other business transactions have not been impacted | - | 2.0 | \$16,878 | \$33,756 |
| Expert Analyst | Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc. | - | 0.3 | \$22,620 | \$6,786 |
| Expert Project Manager | Manage schedule and contracts | - | 0.2 | \$26,100 | \$5,220 |
| Project Contingency | OCIO designated rate of 10% | | | | \$4,576 |
| | | - | 2.5 | | \$50,338 |

Information Services expenditures and resultant revenue impacts may vary if leveraged with other technology development activities being proposed for the department. For purposes of this fiscal note, estimated expenditure impacts are determined on a standalone basis using standard contractor rates.

Expenditures for staff work are based on the workload data shown above. This data is based on information obtained from Colorado, the only state with similar demographics (population, NICS background checks, dealer pistol transfers, and sales) that currently maintains private sales information. The Colorado program is new and, therefore, data obtained is limited to one month. Colorado's experience indicates that 2 percent of their National Instant Criminal Background Check System (NICS) are related to private pistol sales. Utilizing this information, DOL has established the assumptions shown in the following tables.

Table 1

| State | Population | NICS Firearm Background Checks | % NICS Checks that are Private Sales* |
|--------------|-------------------|---------------------------------------|--|
| Colorado | 5.3 million | 540,000 | 2% |
| Washington | 6.7 million | 560,000 | 2% |

*Percentage based of one month of data from Colorado

Table 2

| NICS Firearm Background Checks | Annual Private Pistol Sales/Transfers based on 2% NICS Checks | Additional Transactions based on 20% Population Difference | Total Estimate for Fiscal Year 2015** |
|---------------------------------------|--|---|--|
| 560,000 | 11,200 | 2,240 | 13,440 |

** Estimates for Fiscal Year 2016 forward assume a 20 percent increase per year.

One full-time Customer Service Specialist 2 is needed to process documents and provide customer service assistance related to firearm dealer and law enforcement inquiries, customer contacts, and complaints. Based on workload data, one staff position can process 37,500 documents annually. In addition, 0.3 of an Investigator 3 is needed to complete investigations to determine if any licensed dealer is in violation with the chapter.

Additional costs are included for basic office supplies and other staff related expenses. Estimates are also included for additional printing and postage related to notifications concerning rule changes and providing transfer/sale forms to licensed firearm dealers. A one-time cost has been added for Attorney General time associated with rulemaking.

Administrative support (indirect costs) is included at a rate of 12 percent of the direct program costs proposed in this fiscal note. This 12 percent is split 7 percent for Management and Support Services functions and 5 percent for Information Services functions. These costs are allocated in object E to cover agency wide handling and processing of vendor payments; equipment purchase, delivery, storage and set-up; technical assistance to employees; contract administration; security; handling of mail; and other indirect support services functions as needed. These costs are included in the tables below.

The amount received in either Management Support Services or Information Services may not be sufficient to actually hire a new staff person. However, depending on the needs of the division this indirect funding could be used to pay current staff for overtime or extending or increasing the use of temporary and seasonal employees. Expenditures of these types are reflected as FTE usage in the statewide AFRS reports.

Part III: Expenditure Detail

III. A – Expenditures by Object or Purpose

| | FY 14 | FY 15 | 13-15 Total | 15-17 Total | 17-19 Total |
|--------------------|-------|----------------|----------------|----------------|----------------|
| FTE Staff Years | | 1.5 | 0.8 | 1.4 | 1.4 |
| Salaries and Wages | | 67,821 | 67,821 | 130,705 | 130,788 |
| Employee Benefits | | 25,571 | 25,571 | 49,309 | 49,340 |
| Goods and Services | | 85,497 | 85,497 | 25,001 | 25,989 |
| Equipment | | 7,150 | 7,150 | | |
| TOTAL | | 186,039 | 186,039 | 205,015 | 206,117 |

III. A (1) – Detail of Expenditures by Sub-Object for Goods & Services

| Object E Breakdown: | FY 14 | FY 15 | 13-15 Total | 15-17 Total | 17-19 Total |
|-------------------------------|--------------|---------------|--------------------|--------------------|--------------------|
| EA Office Supplies | | 975 | 975 | 1,950 | 1,950 |
| EB Postage | | 2,205 | 2,205 | | |
| EB Phone/Install/Usage | | 845 | 845 | 1,080 | 1,080 |
| ED Facility/Lease Costs | | 7,778 | 7,778 | 15,556 | 15,556 |
| EF Printing | | 847 | 847 | 2,235 | 3,219 |
| EG Training | | 692 | 692 | 1,384 | 1,384 |
| EL Interagency DP Svcs | | 452 | 452 | 904 | 904 |
| EM Attorney Gen Svcs/Costs | | 19,997 | 19,997 | | |
| EN Personnel Services | | 399 | 399 | 798 | 798 |
| ER Application Programmers | | 50,339 | 50,339 | | |
| EY Software Maintenance | | 280 | 280 | | |
| EZ Other Goods & Svcs | | 576 | 576 | 870 | 874 |
| Total Goods & Svcs | | 85,497 | 85,497 | 25,001 | 25,989 |

III. A (2) – Detail of Expenditures by Fund

Additional information about assumptions and impacts is available directly from the Department of Licensing at 902-3644.

III. B – FTE Detail

| Job Classification | Salary | FY 14 | FY 15 | 13-15 Total | 15-17 Total | 17-19 Total |
|---------------------------|---------------|--------------|--------------|--------------------|--------------------|--------------------|
| Customer Scv Spec 2 | 37,620 | 0.0 | 1.0 | 0.5 | 1.0 | 1.0 |
| Investigator 3 | 64,740 | 0.0 | 0.3 | 0.2 | 0.3 | 0.3 |
| Fiscal Tech 2 | 45,828 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| IT Specialist 4 | 71,496 | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 |
| Total FTEs | | 0.0 | 1.5 | 0.8 | 1.4 | 1.4 |

III. B – Expenditures by Program (optional)

| Program | FY 14 | FY 15 | 13-15 Total | 15-17 Total | 17-19 Total |
|-------------------------------|--------------|--------------|--------------------|--------------------|--------------------|
| 100 - Mgmt & Support Services | | 8,407 | 8,407 | 12,700 | 12,769 |
| 200 - Information Services | | 57,532 | 57,532 | 10,888 | 10,937 |
| 700 - Business & Professions | | 120,100 | 120,100 | 181,427 | 182,411 |
| <i>Total</i> | - | 186,039 | 186,039 | 205,015 | 206,117 |

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

Rulemaking would be required.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|--|--|
| Bill Number: 594 XIL | Title: Gun sales background check | Agency: 310-Department of Corrections |
|-----------------------------|--|--|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

Non-zero but indeterminate cost. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

| | | | |
|---------------------|----------------|-----------------------|------------------|
| OFM Contact: | Monica Jenkins | Phone: (360) 902-0561 | Date: 01/22/2014 |
| Agency Preparation: | Alan Haskins | Phone: 360-725-8264 | Date: 01/29/2014 |
| Agency Approval: | Sarian Scott | Phone: (360) 725-8270 | Date: 01/29/2014 |
| OFM Review: | Peter Graham | Phone: (360) 902-0582 | Date: 01/29/2014 |

Request # 053-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1, a new section is added to chapter 82.08 RCW, stating that felons, persons convicted of domestic violence crimes, and persons dangerously mentally ill as determined by a court should not be eligible to possess guns for public safety reasons. Conducting criminal and public safety background checks will help ensure that all people buying guns are legally eligible to do so. To encourage compliance with background check requirements, the sales tax imposed by RCW 82.08.020 would not apply to the sale or transfer of any firearms between two (2) unlicensed persons if in compliance with all background check requirements.

Section 2(10) amends RCW 91.41.010 specifies that the word “Gun” has the same meaning as firearm.

Section 2 amends subsection (11) for RCW 91.41 to include Washington peace officer, if such officer is duly authorized by his or her employer to carry a concealed pistol, in the definition of “Law enforcement officer”.

Section 2 amends subsection (12) for RCW 91.41 to specify that “Lawful permanent resident” has the same meaning afforded a person “Lawfully admitted for permanent residence” in 8 U.S.C Sec. 1101 (a)(20).

Section 2 amends subsection (13) for RCW 91.41 to specify that “Licensed dealer” means a person who is federally licensed under 18 U.S.C Sec. 923(a).

Section 2 amends subsection (14)(a)(b)(c)(d)(e) for RCW 91.41 to specify the term “Loaded”.

Section 2 amends subsection (15) for RCW 91.41 to define the term “Machine gun”.

Section 2 amends subsection (16) for RCW 91.41 to specify that “Nonimmigrant alien” means a person defined as such in 8 U.S.C Sec. 1101 (a)(15).

Section 2 amends subsection (17) for RCW 91.41 to define the term “Person”.

Section 2 amends subsection (18) for RCW 91.41 to define the term “Pistol”.

Section 2 amends subsection (19) for RCW 91.41 to define the term “Rifle”.

Section 2 amends subsection (20) for RCW 91.41 to define the terms “Sale” and “Sell”.

Section 2 amends subsection (21) for RCW 91.41 to define the term “Serious offense” and adds new sub subsection (p) to include any felony conviction under section 9 of this act.

Section 2 adds new subsection (22) for RCW 91.41 to define the term “Short-barreled rifle”.

Section 2 adds new subsection (23) for RCW 91.41 to define the term “Short-barreled shotgun”.

Section 2 adds new subsection (24) for RCW 91.41 to define the term “Shotgun”.

Section 2 adds new subsection (25) for RCW 91.41 to define the term “Transfer”.

Section 2 adds new subsection (26) for RCW 91.41 to define the term “Unlicensed person”.

Section 3, a new section is added to chapter 9.41 RCW, (1) states all firearm sales or transfers, in whole or part in this state including without limitation a sale or transfer where either the purchaser or seller or transferee or transferor is in Washington, shall be subject to background checks unless specifically exempted by state or federal law. (2) (a)(b)(c) states exceptions for sale and transfer of firearms. (3)(a)(b)(c)(d)(e) specifies process of sale and transfer of firearms through licensed dealer. (4) (a)(b)(c)(d)(e)(f)(g) specifies exceptions of this section.

Section 4, a new section is added to chapter 9.41 RCW, states that unless otherwise provided in this chapter, a licensed dealer may not deliver any firearm to a purchaser or transferee until the earlier of (1) the results of all required background checks are known and the purchaser or transferee is not prohibited from owning or possessing a firearm under federal or state law; or two (2) - 10 business days have elapsed from the date the licensed dealer requested the background check.

Section 5(1)(c) amends 9.41.090 RCW , stating the requirements or time periods in section 4 of this act have been satisfied.

Section 6 amends 9.41.122 RCW, stating that when any part of the transaction takes place in Washington, including, but not limited to, internet sales, such residents are subject to the procedures and background checks required by this chapter.

Section 7 amends 9.41.124 RCW, stating that such residents are subject to the procedures and background checks required by this chapter.

Section 8, a new section is added to chapter 9.41 RCW, states that the Department of Licensing (DOL) shall have authority to adopt rules for the implementation of this chapter as amended. DOL shall report any violation of this chapter by a licensed dealer to the bureau of alcohol, tobacco, firearms and explosives within the United State department of justice and have authority to revoke the license of any dealer found in violation.

Section 9, a new section is added to chapter 9.41 RCW, states any person knowingly violating section 3 of this act is guilty of a gross misdemeanor punishable under chapter 9A.20 RCW. If person previously found guilty under this section, then is guilty of a class C felony for each subsequent knowing violation of section 3 of this act.

Section 10, a new section is added to chapter 82.08 RCW, states the tax imposed by 82.08.020 RCW does not apply to the sale or transfer of any firearms between two unlicensed persons if the unlicensed persons have complied with all background check requirements of chapter 9.41 RCW.

Section 11(9) amends 82.12.040 RCW to include statement that notwithstanding subsections (1) thru (4) of this section, any licensed dealer facilitating a firearm sale or transfer between two unlicensed persons by conducting background checks under chapter 9.41 RCW is not obligated to collect the tax imposed by this chapter.

Section 12, a new section is added, states if any provision of this act or its application to any person or

circumstances is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Fiscal impact is indeterminate and estimated at under \$50,000 cost per Fiscal Year (FY).

The proposed legislation under Initiative 594 XIL extends criminal and public safety background checks to all gun sales or transfers and adds an unranked Class C Felony for failure to comply.

This bill creates a new unranked class C felony for any offender that subsequently violates the new RCW created in Section 3 of this act. The Department of Corrections (DOC) has no information to estimate the increased number of felony convictions based on the proposed legislation. An unranked class C felony has a standard range of 0 to 12 months and a statutory maximum of 60 months. We assume any impact would be on jail beds only, unless an aggravated exceptional sentence is imposed that results in a sentence that exceeds 12 months and would be served at a prison facility.

DOC assumes that this bill would likely result in a DOC Institution average daily population (ADP) increase estimated at not greater than four (4) ADP, although the impact cannot be estimated. Consequently, while the fiscal impact is indeterminate, DOC assumes that the costs will be less than \$50,000 per FY [$\$12,270 \times 4 \text{ ADP} = \$49,080 \text{ FY}$].

Assumptions:

1. We assume an Average Unit Cost of \$12,270 per offender per FY to facilitate cost discussion during legislative session. This cost estimate includes prison custody staffing, prison direct variable costs, health services direct variable costs, and prison non-custody essential staffing. It does not include staffing or dollars for ASD nor HSD. DOC will need to true up impact to DOC so that full impact can be determined, i.e. opening/closing units or prisons and community impacts.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

| |
|---|
| Non-zero but indeterminate cost. Please see discussion. |
|---|

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

| | |
|-----------------------------|--|
| Bill Number: 594 XIL | Title: Gun sales background check |
|-----------------------------|--|

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Impacts for law enforcement, prosecution, defense, and jails.
- ☒ Counties: Impacts for law enforcement, prosecution, defense, and jails.
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time: Number of cases investigated and charged under this bill.

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

| |
|----------------------|
| Indeterminate Impact |
|----------------------|

Part III: Preparation and Approval

| | | |
|--|-----------------------|------------------|
| Fiscal Note Analyst: Graham Parrington | Phone: 360-725-2733 | Date: 01/28/2014 |
| Leg. Committee Contact: Monica Jenkins | Phone: (360) 902-0561 | Date: 01/22/2014 |
| Agency Approval: Steve Salmi | Phone: (360) 725 5034 | Date: 01/28/2014 |
| OFM Review: Veronica Jarvis | Phone: (360) 902-0649 | Date: 01/29/2014 |

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This initiative to the legislature would require that all firearms sales or transfers in which one of the parties is located in Washington State be subject to background checks. If neither party is a licensed firearms dealer, the transaction must happen through a dealer. There are exceptions listed under subsection 3(4).

Section 9, a new section of Chapter 9A.41 RCW, would create two new crimes.

A person that knowingly violates Section 3 of the bill (related to firearm transfers and sales) is subject to a gross misdemeanor punishable under Chapter 9A.20 RCW.

A person that knowingly violates Section 3 of the bill a second or subsequent time is subject to a class C felony punishable under Chapter 9A.20 RCW.

This section specifies that each and every sale or transfer in violation of Section 3 of the act is a separate offense.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This bill would have possible indeterminate expenditure impacts to local law enforcement agencies, prosecutors, and indigent defense. There would be potential impacts to both counties and cities resulting from the bill because felony charges are heard in superior courts, while misdemeanor charges are heard in courts of limited jurisdiction (city and county courts). There are no data to estimate the number of potential cases that would be investigated and charged under this bill.

DISCUSSION:

The felony offense established by the bill would be punishable by a standard range term of confinement of 0-12 months in jail for adults, regardless of the offender's criminal prior history. For juveniles, the felony offenses established by this bill would be punishable by standard range of Local Sanctions (0-30 days in local detention) to 15-36 weeks in a Juvenile Rehabilitation Administration facility for juveniles, depending on the juvenile's prior history. The misdemeanor offenses established by the bill would be punishable by a standard range term of confinement of 0-90 days in jail for adults, regardless of the offender's prior history, and by Local Sanctions (0-30 days in local detention) for juveniles, regardless of the juvenile's prior history.

For illustrative purposes, law enforcement, prosecution, and defense cost data are provided below. Specific prosecution cost data related to the offenses created are not available; cost data for felony Burglary/Theft, felony crime against property, and an average of misdemeanor crimes are used as proxies. The weighted average daily jail bed rate is \$88; juvenile detention costs are expected to be higher.

Felony Costs:

- The total average cost per case for law enforcement for one felony Burglary/Theft crime, assuming no appeals, is \$2,348
 - Unranked class C felonies carry 0-365 day jail sentences, for a cost of \$0-\$32,120 per case
 - The trial rate for unranked class B and C felonies is 25 percent
 - The total average cost to prosecute one felony Burglary/Theft crime case, assuming no appeals, is \$1,027
 - The total average cost to defend one felony crime against property case, assuming no trial or appeals, is \$648
 - The proportion of felony crimes against property cases requiring indigent defense is 88 percent
- Total costs to prosecute, defend, and incarcerate one unranked class C felony case, assuming no trial or appeals, range from \$4,424 (\$2,348+\$1,027+\$648+\$0) to \$36,305 (\$2,348+\$1,027+\$648+\$32,032).

Gross Misdemeanor Costs:

- Misdemeanor crime law enforcement costs are \$577 per case
- The total average cost to prosecute one misdemeanor crime against property case, assuming no appeals, is \$291
- The total average cost to defend one misdemeanor crime against property case, assuming no trial, is \$151
- The trial rate for misdemeanor crimes against property cases is six percent
- The proportion of misdemeanor crimes against property cases requiring indigent defense is 88 percent
- Gross misdemeanors carry 0-364 day jail sentences, for a cost range of \$0-\$32,032 per case

Total costs for law enforcement, prosecution, defense, and incarceration for one gross misdemeanor case, assuming no trial or appeals, range from \$1,019 (\$577+291+\$151+\$0) to \$8,939 (\$577+\$291+\$151+\$32,032).

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

None

SOURCES:

Administrative Office of the Courts

Washington State Patrol